

Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 PA-01
USIA-06 SP-02 NSC-05 SS-15 /063 W
-----073546 011913Z /70

R 011022Z MAR 78

FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 1223
INFO AMEMBASSY NEW DELHI
AMEMBASSY ROME

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ROME FOR RCA

E.O. 11652: N/A
TAGS: EAIR, NP
SUBJECT: ROYAL NEPAL AIRLINES LOOK TO US FOR SECOND JET

REF: 77 KATHMANDU 5281

1. ON AGAIN, OFF AGAIN QUEST BY ROYAL NEPAL AIRLINES CORPORATION (RNAC) FOR SECOND JET TO ADD TO FLEET HAS TAKEN SEVERAL TWISTS IN LAST THREE MONTHS AND NOW APPEARS HEADED FOR POSSIBLE SOLUTION IN U.S. DEAL, WHICH HAS BEEN COOKING FOR LAST TEN MONTHS, TO BUY BOEING 727 FROM ARIANA AFGHAN AIRLINE AND WHICH, AS REPORTED REFTEL, APPEARED NEARING SUCCESSFUL CONCLUSION IN DECEMBER, IS NOW APPARENTLY COMPLETELY DEAD. REASONS ANYTHING BUT CLEAR, BUT ARE ATTRIBUTED HERE TO VARIOUS PROBLEMS WITHIN AFGHAN AIRLINE.

2. EARLY IN YEAR RNAC OFFICIALS WERE VERY DEPRESSED WHEN ASKED ABOUT ALTERNATE POSSIBILITIES, BUT ON FEB. 22 BOTH AMBASSADOR AND EMBOFF WERE TOLD BY DIFFERENT RNAC OFFICIALS THAT PROSPECTS LOOKED VERY GOOD FOR ACQUIRING SECOND BOEING 727

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SECOND HAND IN US. SPECIFIC OFFER MENTIONED BY ONE OFFICIAL-- THIS FROM UNITED AIRLINES--WAS TYPE OF PLANE DESIRED AND FOR RIGHT PRICE (AROUND \$5 MILLION). THERE WAS SOME QUESTION ABOUT UPGRADING ENGINES, BUT HE DID NOT SEE THIS AS SERIOUS PROBLEM. AIRLINES GENERAL MANAGER D.B. RANA TOLD AMBASSADOR THAT TEAM WOULD BE GOING TO STATES TO LOOK INTO AND HOPEFULLY CLOSE DEAL. FEB. 28 RANA CONFIRMED TO EMBOFF THAT TEAM HEADED BY RNAC CHAIR-

MAN, NARAYAN PRASAD ARYAL (ALSO SECRETARY, MINISTRY OF WORKS AND TRANSPORTATION), AND INCLUDING RANA AND 2 OR 3 TECHNICAL TYPES WOULD BE ARRIVING IN US MARCH 8 OR 9. MOREOVER, RANA STATES RNAC HAS NUMBER OF OFFERS AND DELEGATION WOULD BE TRAVELLING AMONG OTHER PLACES TO CHICAGO, DALLAS AND LOS ANGELES TO DISCUSS DETAILS AND EXAMINE AIRCRAFT. EMBOFF TOLD RANA EMBASSY WOULD ALERT DEPT AND THAT IF ANY ASSISTANCE DESIRED DURING COURSE OF TRIP, RANA NEED ONLY ASK.

3. COMMENT: RNAC'S SEARCH FOR SECOND JET HAS BEEN GOING ON SO LONG THAT ONE HESITATES TO PREDICT CONCLUSION MIGHT BE IN SIGHT. THERE HAS EVEN BEEN EARLIER CONSIDERATION OF PURCHASE IN US (77 KATHMANDU 452). BUT AIRLINE IS UNDER INCREASING PRESSURE FINALLY TO RESOLVE ISSUE. IT IS ON ONE HAND FACING SERIOUS SCHEDULING PROBLEMS IN MEETING CURRENT FLIGHT PROGRAM WITH BUT ONE JET. CANCELLATIONS ARE CREATING BAD IMAGE AND MAY, WE UNDERSTAND, EVEN HAVE RESULTED IN SOME SUITS FILED BY TRAVEL AGENCIES. PERHAPS MORE IMPORTANT, CURRENT 727 IS DUE FOR MAJOR SERVICING (D CHECK) THIS SUMMER WHICH WILL TAKE IT OUT OF ACTION FOR UPWARDS OF 45 DAYS. UNLESS RNAC CAN COMPLETE PURCHASE OF SECOND JET BEFORE THAT TIME IT WILL BE FACED BY SERIES OF UNPALATABLE CHOICES. IN SHORT, WE BELIEVE THIS FORTHCOMING TRIP MAY PRODUCE DECISION. WHILE AIRLINE HAS TO DATE PURSUED MATTER ENTIRELY ON ITS OWN (DESPITE OUR OFFERS TO HELP) AND WILL PROBABLY CONTINUE DO SO, IT OBVIOUSLY IN OUR INTERESTS TO GIVE ALL POSSIBLE LIMITED OFFICIAL USE

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ASSISTANCE IF ASKED.
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, COMMERCIAL AIRCRAFT, AIRLINES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 mar 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KATHMA01081
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780094-0219
Format: TEL
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803120/aaaadyfi.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ddcad1ba-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 KATHMANDU 5281
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3159438
Secure: OPEN
Status: NATIVE
Subject: ROYAL NEPAL AIRLINES LOOK TO US FOR SECOND JET
TAGS: EAIR, NP, ROYAL NEPAL AIRLINES
To: STATE
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ddcad1ba-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014